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TO: PRIORITY EUROPEAN BRIEF.

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SUBJECT: EUROPEAN BRIEF [REDACTED] FOR 22 APRIL 1988.

FROM: DDI/O/CPAS.

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1. PANAMA: SITUATION REPORT

OFFICER PURGED

DEFENSE CHIEF NORIEGA HAS DISMISSED FORMER AMBASSADOR TO ISRAEL, LIEUTENANT COLONEL HERRERA HASSAN, FROM THE MILITARY. [REDACTED] THE RATIONALE FOR HERRERA'S REMOVAL WAS HIS FAILURE TO OBEY NORIEGA'S ORDER TO RETURN TO PANAMA AFTER COMPLETING HIS ASSIGNMENT IN ISRAEL EARLY LAST MONTH. [REDACTED]

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COMMENT: NORIEGA HAS LONG VIEWED HERRERA, WHO IS PRO-US AND WELL RESPECTED BY FELLOW OFFICERS, AS A RIVAL AND HAS KEPT HIM OUTSIDE THE COUNTRY THROUGH FOREIGN POSTINGS. NORIEGA APPARENTLY ORDERED HIS RETURN AFTER SUSPECTING THAT HERRERA WAS INVOLVED IN THE COUP ATTEMPT LAST MONTH AND MIGHT ESTABLISH CONTACTS WITH WASHINGTON. WITH HERRERA'S DISMISSAL, THE MILITARY HAS LOST ONE OF ITS FEW CAPABLE AND APOLITICAL SENIOR OFFICERS.

PROTESTS FLAGGING

ANTIREGIME DEMONSTRATIONS HAVE BEEN FEW THIS WEEK AND EASILY CONTROLLED BY THE MILITARY. MORE THAN 100 TEACHERS WERE NOT HARASSED WHEN THEY DEMONSTRATED WEDNESDAY IN FRONT OF THE EDUCATION MINISTRY TO DEMAND THE REOPENING OF SCHOOLS, CASH SALARY PAYMENTS, AND DEMOCRATIC REFORMS. POLICE HAVE RELEASED ALL PERSONS ARRESTED LAST WEEK FOR CIVIL CRUSADE-SPONSORED OPPOSITION ACTIVITIES. ALTHOUGH CRUSADE LEADERS PLAN TO BEGIN ANOTHER ROUND OF PROTESTS SOON, THEY ARE CONCERNED ABOUT OBTAINING ENOUGH FUNDS FOR BAILING OUT THOSE WHO MAY BE ARRESTED. AT THE REQUEST OF PRESIDENT-DESIGNATE SOLIS PALMA, PANAMA'S NATIONAL ASSEMBLY HAS LIFTED THE STATE OF EMERGENCY ESTABLISHED LAST MONTH.

THE ASSEMBLY'S ACTION INDICATES THE REGIME IS CONFIDENT OF ITS ABILITY TO CONTROL PROTESTS AND DOES NOT ANTICIPATE SIGNIFICANT UNREST IN THE NEAR TERM. LIFTING THE EMERGENCY LEGISLATION PROBABLY IS ALSO INTENDED TO ENCOURAGE PERCEPTIONS AT HOME AND ABROAD THAT THE REGIME IS FIRMLY IN CONTROL AND NORMALCY HAS RETURNED.

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3. PAKISTAN: AFGHANISTAN POLICY STEADY UNDER FIRE

MANY PAKISTANIS GREETED THE GENEVA ACCORDS LAST WEEK WITH RELIEF AND GUARDED OPTIMISM, BUT PRESIDENT ZIA AND PRIME MINISTER JUNEJO ARE UNDER INCREASING ATTACK OVER THE AGREEMENT FROM POLITICAL OPPONENTS.

PUBLIC REACTION TO THE GENEVA ACCORDS IN PUNJAB PROVINCE GENERALLY HAS BEEN LAUDATORY, DESPITE A HEAVY EMPHASIS ON THE PROBLEMS AHEAD. IN THE NORTH-WEST FRONTIER PROVINCE--WHERE MANY OF THE ESTIMATED 3 MILLION REFUGEES ARE LOCATED--HAVE EXPRESSED CONCERN THAT CONTINUING TO SUPPLY ARMS TO THE RESISTANCE COULD PROLONG THE FIGHTING AND DISCOURAGE THE RETURN OF THE REFUGEES. OPPOSITION LEADER BENAZIR BHUTTO HAS CRITICIZED THE GOVERNMENT'S HANDLING OF THE ACCORDS ON THE GROUNDS THAT THE AGREEMENT WILL NEITHER PREVENT CIVIL WAR IN AFGHANISTAN NOR GUARANTEE THE RETURN OF THE REFUGEES.

MANY PUNJAB OPPOSITION LEADERS ALSO ARE BLAMING ZIA FOR THE 10 APRIL EXPLOSION OF AN AMMUNITION DUMP NEAR RAWALPINDI AND ARE CALLING FOR HIS RESIGNATION AS CHIEF OF ARMY STAFF.

ACCOUNTS ALLEGED THAT THE DEPOT WAS TRANSSHIPPING ARMS FOR THE AFGHAN RESISTANCE.

MANY PAKISTANIS BELIEVE WEAPONS DESTINED FOR THE RESISTANCE WERE INVOLVED IN THE EXPLOSION. AT LEAST TWO OPPOSITION PARTIES SAY THEY MAY SUE THE US OVER THE EXPLOSION, MAINTAINING THAT THE US OWNED THE WEAPONS THAT WERE DESTROYED IN THE EXPLOSION.

MOST PAKISTANIS SEEM WILLING TO RESERVE JUDGMENT ON THE ACCORDS. THE OPPOSITION HAS MADE THE ACCORDS A POLITICAL ISSUE AND WILL TRY TO USE ANY PROBLEMS WITH THE SOVIET WITHDRAWAL TO ITS ADVANTAGE. ZIA IS TAKING THE BRUNT OF THE CRITICISM FOR THE EXPLOSION BECAUSE HE IS PAKISTAN'S CHIEF MILITARY LEADER, AND MANY PAKISTANIS BELIEVE THE GOVERNMENT IS WILLING TO JEOPARDIZE INNOCENT PAKISTANI LIVES FOR THE RESISTANCE. FOR NOW, HOWEVER, THE OPPOSITION IS WEAK--BENAZIR BHUTTO IS IN LONDON FOR MEDICAL TREATMENT--AND ISLAMABAD'S SUPPORT FOR THE RESISTANCE REMAINS FIRM.

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5. BULGARIA-US: VISIT OF FOREIGN ECONOMICS MINISTER

IMPROVING TRADE AND ECONOMIC TIES TO THE US LEADS THE AGENDA FOR BULGARIAN FOREIGN ECONOMIC RELATIONS MINISTER LUKANOV, WHO ARRIVES IN WASHINGTON TOMORROW. LUKANOV WILL ARGUE THAT REFORMS UNDER WAY ARE BRINGING BULGARIA'S ECONOMY MORE IN LINE WITH FREE MARKET PRINCIPLES. HE WILL SEEK US SUPPORT FOR SOFIA'S BIDS FOR GATT MEMBERSHIP, EVENTUAL MOST-FAVORED-NATION TRADE STATUS, MORE JOINT VENTURES, AND REDUCED TECHNOLOGY CONTROLS. LUKANOV, ~~PROBABLY WILL ALSO LOBBY FOR US CONTRACTS AT THE LEVELS ACHIEVED BY OTHER EAST BLOC COUNTRIES,~~

LUKANOV IS THE HIGHEST LEVEL BULGARIAN OFFICIAL TO VISIT THE US SINCE WORLD WAR II, AND SOFIA PROBABLY VIEWS THE INVITATION AS A DIPLOMATIC SUCCESS. IT PROBABLY HOPES THE TRIP WILL HELP EXPAND TRADE AND IMPROVE BULGARIA'S REPUTATION, BUT ALMOST CERTAINLY EXPECTS LITTLE PROGRESS IN OBTAINING US SUPPORT FOR GATT MEMBERSHIP AND MOST-FAVORED-NATION STATUS. THE BULGARIANS MAY MAKE SOME MODEST CONCESSIONS ON NARCOTICS CONTROL, COUNTERTERRORISM, AND HUMAN RIGHTS, BUT GREATER PROGRESS ON THE US AGENDA IS NOT LIKELY.

LIKELY BULGARIAN RESPONSES TO US CONCERNS

NARCOTICS:

LUKANOV MAY CITE A NEW DRAFT AGREEMENT ON NARCOTICS CONTROL AS EVIDENCE OF SOFIA'S WILLINGNESS FURTHER TO EXPAND COOPERATION WITH THE US. BULGARIA APPEARS TO HAVE CURBED THE MOST VISIBLE NARCOTICS TRAFFICKING ON ITS SOIL.

SIGNIFICANT AMOUNTS OF NARCOTICS PROBABLY ARE STILL TRANSITING THE COUNTRY TO THE WEST, HOWEVER.

TERRORISM:

LUKANOV WILL USE BULGARIA'S RATIFICATION THIS MONTH OF THE INTERNATIONAL HOSTAGE CONVENTION AND ITS PUBLIC CONDEMNATION OF THE KUWAITI HIJACKING TO SHOW SOFIA'S RESPONSIVENESS.

HUMAN RIGHTS:

DESPITE GESTURES MADE DURING DEPUTY SECRETARY OF STATE

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WHITEHEAD'S VISIT EARLIER THIS YEAR, SOFIA HAS SHOWN NO SIGNS OF EASING ITS RUTHLESS CAMPAIGN FORCIBLY TO ASSIMILATE ITS NEARLY 1 MILLION ETHNIC TURKS. LUKANOV WILL TRY TO APPEAR REASONABLE ON THIS ISSUE, BUT US LEVERAGE IS EXTREMELY LIMITED. SOFIA HAS BACKTRACKED ON ITS MODEST ATTEMPTS AT GREATER PRESS FREEDOMS, BUT IT MAY MAKE FURTHER MODEST IMPROVEMENTS ON SUCH ISSUES AS DIVIDED FAMILY CASES.

6. IN BRIEF

EUROPE

X--BELGIUM'S INTERIM PRIME MINISTER REVERSING DECISION, NOW WILLING TO HEAD CENTER-LEFT COALITION . . . PARTIES CLOSE TO AGREEMENT EXCEPT ON ONE ASPECT OF LINGUISTIC PROBLEM . . . MARTENS LIKELY TO FIND COMPROMISE, FORM EIGHTH GOVERNMENT.

X--TURKEY PHASING OUT EXPORT REBATES . . . DESIRE TO CURB FRAUD . . . ALSO CLEARS WAY FOR EVENTUAL LIRA CONVERTIBILITY, OTHER REFORMS . . . INDICATES ECONOMIC LIBERALIZATION TO CONTINUE

MIDDLE EAST

X--HIZBALLAH ANNOUNCED IN LEBANON IT WILL TRY LT. COL HIGGINS FOR SPYING, PROBABLY TO REEMPHASIZE HIS VULNERABILITY . . . MAY BE PART OF IRANIAN-DIRECTED CAMPAIGN FOLLOWING GULF FIGHTING . . . UNLIKELY TO BE KILLED.

EAST ASIA

X--CHINA'S FIRST-QUARTER TRADE DEFICIT FELL 40 PERCENT FROM 1987 LEVEL . . . DEFICIT LIKELY TO WIDEN THOUGH AS BEIJING EASES IMPORT CONTROLS, FILLS WESTERN QUOTAS ON TEXTILES . . . SURPLUS WITH US THIS YEAR LIKELY TO REMAIN \$3.4 BILLION.

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